



City of Grand Island

Tuesday, October 26, 2010

Council Session

Item I2

#2010-306 - Approving Resolution in Support of Amendment No. 1

Staff Contact: Mayor Hornady

Council Agenda Memo

From: Mayor Margaret Hornady

Meeting: October 26, 2010

Subject: Approving Resolution in Support of Amendment No. 1

Item #'s: I-2

Presenter(s): Mayor Margaret Hornady

Background

On March 26, 2010, the Nebraska State Legislature voted to place Amendment 1 (LR 297CA) on the ballot at the November 2010 General Election. If approved by the voters Amendment 1 would amend Article XIII, Section 2 of our state constitution to allow the Legislature to grant municipalities more flexibility in funding sources for LB 840 plans to fund local economic or industrial projects and programs.

LB 840 funds are used to promote job retention, create better jobs, develop diversified local economies and develop a broader tax base for cities and villages to reduce pressure on local property tax payers.

The voters of the City of Grand Island approved the economic development program at a Special Election held May 6, 2003. The City of Grand Island approved and adopted an Economic Development Program on July 22, 2003 in conformity with Neb. Rev. Statute §18-2710.

Discussion

If passed by the voters of the State of Nebraska at the General Election on November 2, 2010, Amendment 1 would authorize the Legislature to allow municipalities to use funds (in addition to those raised from property taxes and local option sales tax) derived from “any other general tax levied by the city or village or generated from municipally owned utilities or grants, donations, or state and federal funds received by the city or village subject to any restrictions of the grantor, donor, or state or federal law”. Without increasing taxes this amendment simply broadens the funding sources available for municipalities to use in funding LB 840 plans.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve Resolution #2010-306 in support of passage of Amendment 1.

Sample Motion

Move to approve Resolution 2010-306.

RESOLUTION 2010-306

WHEREAS, on March 26, 2010, the Legislature voted 47-0 to place Amendment 1 (LR 297CA) on the ballot at the November 2010 General Election; and

WHEREAS, if passed by voters this November, Amendment 1 would amend Article XIII, Section 2 of our state constitution to allow the Legislature to grant municipalities more flexibility in funding sources for LB 840 plans which fund local economic or industrial projects and programs, subject to a local vote of the people; and

WHEREAS, LB 840 plans approved by voters in 53 municipalities have already resulted in successful economic and industrial projects and programs to help promote job retention, create thousands of better jobs, develop a more diversified local economy as well as develop a broader tax base for cities and villages to reduce pressure on local property tax payers; and

WHEREAS, our state constitution currently authorizes the Legislature to allow LB 840 plans to be funded ONLY with property tax dollars and/or local option sales tax dollars, with local voter approval; and

WHEREAS, if passed by voters this November, Amendment 1 would authorize the Legislature to allow municipalities with voter approved LB 840 plans to use funds (in addition to those raised from property taxes and local option sales tax) derived from “any other general tax levied by the city or village or generated from municipally owned utilities or grants, donations, or state and federal funds received by the city or village subject to any restrictions of the grantor, donor, or state or federal law.”; and

WHEREAS, virtually all of the 53 municipalities with LB 840 plans obtained voter approval using some portion of their local option sales tax; and

WHEREAS, more flexibility in funding LB 840 plans is needed by municipalities across the state due to increasing pressure on property taxpayers, local budgets and local option sales tax dollars already committed to fund other important municipal services and programs; and

WHEREAS, if approved by voters at the General Election this November, the Legislature would have the authority to pass enabling legislation to allow municipalities to use sources of revenue listed in Amendment 1, in addition to property taxes and local option sales tax to fund LB 840 plans, with local voter approval; and

WHEREAS, once the Legislature passes enabling legislation, municipalities would then be able to submit proposals to obtain local voter approval for using any such additional sources of revenue to fund LB 840 plans; and

WHEREAS, a vote for Amendment 1 is a vote for LOCAL CONTROL and FLEXIBILITY in funding LB 840 plans with local voter approval for the retention and creation of jobs and businesses.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, to support passage of Amendment 1 on the November 2010 ballot.

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Adopted by the City Council of the City of Grand Island, Nebraska, October 26, 2010.

Margaret Hornady, Mayor

Attest:

RaNae Edwards, City Clerk